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The Role of Luck in Startups

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Start ups are difficult and risky, says Estrin. Lots of combined skills are necessary. Attention to details, hard work and a lot of luck play an important role in the success of a company, she says. The environment is risk averse today-- customers, funders and employees. Start ups have to be creative and find alternative funding, she adds.

Transcript

The first is what I always tell everybody cause I think people forgot this in the bubble. Startups are hard and in some ways the whole valley got in this mode of, of course I'm going to start up and of course it will succeed, and of course I'll make millions of dollars. It has to happen. Well startups are hard and they're risky and lots of them don't succeed. You need a whole bunch of combined skills to make them happen. Details really matter. You can't just have a broad vision. You have to really be good in executing all of the details. It's lots of work and it takes lots of luck. So you can have a great idea if your timing is off or if the world collapses around you and a lot of the companies that are not in business today that started in 2000, how did they know in the beginning of 2000 that the world would collapse around them? So it's not that those were bad entrepreneurs, they had a lot of bad luck.

It's even harder now, so that slide was in my presentation last year and I thought to myself, you know what? It's gotten even harder. It's gotten even harder because we are in a very risky averse environment. The funding environment is just nuts in my opinion. Customers have gotten more risk averse, and actually employees have gotten more risk averse. So employees that were flocking to startups maybe are a little more comfortable so oftentimes in a large company. You can still get funded and one of the things to think of about an entrepreneur is alternative sources of funding in the early days. And I'm not talking about so much angel investing. I am talking about corporate partnerships. Bootstrapping yourself with development funding because it's that investment in the non-validated time. Before you have customers, VCs are having a real hard time making a decision and if you can find ways to bootstrap, you're into something that may be a better alternative but it means working leaner and sometimes working without a salary.